

The Co-operative Development AgencyPROGRESS AND PROSPECTS

by

LORD ORAM

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Now that the Government, with the approval of Parliament, has decided to make a further sum of money available to the Co-operative Development Agency it is possible to assess the work of the Agency both in retrospect and in prospect.

To do so we should look back not just to the passing of the C.D.A. Act in 1978 but to the previous fifteen years or so during which the Co-operative Party, and particularly the Co-operative group of M.P.'s were advocating the establishment of a C.D.A. The original proposals were designed principally to enable the consumer Co-operative movement to increase its strength and influence; but by the time the Agency was set up at the end of 1978 the emphasis was much more on the need to encourage those forms of Co-operative enterprise, especially in the industrial sphere, which had failed to take root in Britain as successfully as in a number of other countries in Western Europe.

This change of emphasis, desirable in itself because of the increasing public interest in industrial Co-operatives, was also necessary on pragmatic grounds. The C.D.A. was set up at the end of a Parliament in which the Government scarcely commanded a majority and in conditions of national financial stringency - which have, of course, persisted in subsequent years. Therefore it was necessary that the Agency should be of a kind which commanded all-party support and could

operate on a modest budget. This all-party support was forthcoming and has been maintained, and ways have been found for the Agency to do a great deal of very useful work with a minimal expenditure of public funds. This work is described in detail in the Agency's three annual reports. It has recently been assessed by an independent team of consultants who concluded that the Agency had been generally successful in supporting and encouraging Co-operatives. It commended the way in which the Agency's small but dedicated staff had built up a fund of valuable experience.

Emphasis on Industrial and Service Co-operatives

The functions of the Agency, which are defined in Section 2 of the C.D.A. Act 1978, are very wide indeed. It is required to do many things for the promotion of "Co-operatives" without any specification of the kind of Co-operatives which Parliament had in mind. However, some concentration was necessary since Co-operative principles and practices are applied to a vast range of human activities and to do useful work in relation to all of them was clearly well beyond the modest resources of the Agency.

The Agency, in the first years of its life, has chosen to put its main, but not exclusive, emphasis on the encouragement of industrial and service Co-operatives. This was an understandable choice for a number of reasons. The public interest that arose in the 'seventies in worker-owned enterprises was reflected in the debates in Parliament on the C.D.A. Bill and in the fact that the Bill was sponsored by the Department of Industry. Moreover, by comparison with the situation in a number of other Western European countries, industrial Co-operatives were the weakest sector of Co-operative development in Britain and had the least effective sponsoring organisations.

It was important, too that industrial Co-operatives have certain features which commend them to policy-makers across a broad spectrum of politics.

Advantages - and Difficulties

First, motivation of the work-force arises from the fact that workers own the enterprise and therefore feel that they are working for themselves and their workmates rather than for an "alien" set of persons. This in turn can lead to increased productivity because restrictive practices are no longer so necessary as a defensive mechanism against an employer. In an industrial Co-operative both the rights and obligations of ownership and employment co-incide. They are not in conflict one with the other.

Secondly, the Co-operative is a means whereby many people who are not in a position to set up their own business on a private enterprise basis can nevertheless become entrepreneurs collectively. The Co-operative enables people who have specialist skills but perhaps do not have overall business capacity to join with others in assembling a collective package of entrepreneurial skills.

Thirdly, the Co-operative is a growth from below. Its owner-workers have their roots in the community where the business is established and this means that they can develop an intimate relationship between the Co-operative members and the representatives of the community, including most importantly local government representatives.

But while they have these advantages Co-operatives have to surmount two formidable barriers - a widespread ignorance about Co-operatives on the one hand and a lack of financial resources on the other.

The Co-operative Development Agency is in a position to help overcome the first barrier, but it does not dispose of investment funds and cannot directly help overcome the financial barrier.

The Five Areas of Work

The work of the Agency falls under five principal headings. First there was, and is, the need to remove prejudices against the Co-operative form of business, prejudices more often than not based on an insufficient knowledge of what Co-operative principles and practices are. Secondly there was the giving of advice to those wishing to set up Co-operatives or interested in the possibility of converting existing businesses into Co-operatives. Third was the initiation of new forms of Co-operatives and the negotiation with the Registrar of rules for these new Co-operatives in conformity with his criteria as the custodian of Co-operative principles. The fourth area of work has been the investigation of two basic Co-operative questions, the adequacy of the existing law covering Co-operatives and the availability of finance for industrial Co-operatives. The fifth main function of the C.D.A. is, to quote the Act, "to provide a forum for discussion and debate within the Co-operative movement".

In order to spread a better knowledge of Co-operation the Agency engaged in a considerable programme of interviews and discussions with representatives of banks, both sides of industry (the T.U.C. and the C.B.I.), the national associations representative of local authorities and with national development agencies (COSIRA in England, the Scottish Development Agency, the Welsh Development Agency and the Development Board for Rural Wales, and with LEDU in Northern Ireland).

Although a very great deal remains to be done the Agency has, through these discussions, made a promising beginning with gaining an acceptance for the idea of Co-operation in places where even the basic concept was previously little known.

The giving of advice to prospective co-operators has occupied a major part of the time of the Agency's staff. In the two years between April 1979 and May of this year there have been 1263 enquiries varying from individuals seeking preliminary advice to major enquiries from e.g. local authorities. It is not possible to establish any direct statistical link between this advisory work and the formation of specific Co-operatives because there is usually a considerable lapse of time and because the Agency is often only one among a number of centres from which advice is sought. There is little doubt however that the Agency has contributed considerably to the growth in the number of small industrial Co-operatives which has been a marked feature of the last few years - from something like 100 in 1978 to well over 400 now.

Initiation of New Forms of Co-operative

The Agency has built up quite a body of experience in this field now and out of this advisory work has developed the initiation of new forms of Co-operatives. The one on which most preparatory work has been done is called the "neighbourhood Co-operative" which is a concept being actively pursued in conjunction with the National Council of Voluntary Organisations. A "pack" of informative material about neighbourhood Co-operatives has been published by the Agency. It describes how small-scale services - gardening, decorating, window-cleaning - can be

undertaken as paid work, mainly by young people but with some part-time work from others who provide the administrative skills needed. The membership of the Co-operative comprises the full-time workers, numbering perhaps three or four, and the helpers who would put in a few hours each week.

There are three other innovations. First is a marketing Co-operative which markets the products of a group of individual artists and craftsmen. Secondly the Agency is planning a Co-operative training and enterprise workshop which will add a vital Co-operative dimension to the conventional workshop sponsored by the Manpower Services Commission. The young people under technical training would become members of new Co-operatives engaged in the manufacture of their products. This will provide training in real-life, Co-operative businesses. Then there is planned an "employee participation Co-operative" which is a means of putting teeth into employee shareholding schemes and enabling employees to participate with more meaning in the affairs of the enterprise for which they work. They would do this by forming themselves into a Co-operative for the purpose of owning and managing a block of shares in the company they work for. It could prove to be an important step towards the conversion of the business itself into an industrial Co-operative.

These four variants on the co-operative theme are in the embryo or prototype stage of development. But they have all been devised to meet practical needs arising from the advisory work of the Agency. They are not the outcome of academic theories but have emerged from real situations. Success along these lines will add to the momentum which is already in evidence in this new emerging movement of Co-operation.

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and the work which the Agency is doing will be seen to be a response to a new development at the grass-roots of society.

Guidelines for C.D.A.'s Future

In the next two years or so it is clear that the Agency will be working under even more severe financial restraints than hitherto. It will therefore need to concentrate on those aspects of its work which from experience seem to be the most essential. My own view is that this is the provision of business advice to potential and existing Co-operators and to local authorities and other agencies concerned with the promotion of Co-operative enterprises. The need for this advice is likely to outstrip the Agency's resources; indeed that situation has already been reached. The Agency will therefore need to put still more emphasis on its need to work with other bodies engaged in similar work, not least with the growing number of local and regional Co-operative development groups. They should be the means of harnessing professional advice and business skills for the service of new co-operatives. There is much scope for a closer working arrangement with, for example, the Small Business Division of the Department of Industry and similar services in other Government departments.

It is very much to be hoped however that this necessary concentration on advisory work will not lead to the cessation of valuable work in other directions. Fortunately the Agency has begun to build up a number of valuable connections with other parts of the Co-operative movement which can, if the movement has the will, enable work in the fields of research, education and the promotion of Co-operation to be extended rather than

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The Agency has itself convened meetings of a so-called "forum" of the chief executives of the various sectors of the broad Co-operative movement comprising Co-operatives in industry, in consumer services, agricultural services, housing, insurance, banking and credit. These meetings have considered the joint interests of these various sectors in such matters as publications, statistics, Co-operative law and research. Through the initiative of the Society for Co-operative Studies there is in process of formation a group of Co-operative research workers and the C.D.A. is playing its part in this group. It is helping forward also some Co-operative research projects by academic institutions. In the field of education there is a Co-operative Education Working Group in which the Education Officer of the C.D.A. has played a leading role.

So I see a dual task for the future. On the one hand the Co-operative Development Agency, seeking sound allies wherever it can, must strive to meet the growing demand, which I believe is bound to come, from workers wanting to know how to go about setting up their own Co-operative business, providing themselves with jobs and working for their own benefit and that of their workmates.

On the other hand there is a challenge to the established Co-operative movement in all its forms. Can it mobilise sufficient resources to spread the Co-operative message so as to match the growing interest in the possibilities that Co-operatives can offer? That is a job well beyond the present resources of the C.D.A. but it can play a vital part together with the other organisations of the movement.

Note of the Author

LORD ORAM has been Chairman of the Co-operative Development Agency from its inception in 1978; Parliamentary Secretary at the Ministry of Overseas Development in the Wilson government and a Co-operative M.P. for 20 years following ten years as Research Officer of the Co-operative Party; has had many years of service on the Board of the Brighton Co-operative Society, including five years as President.